

NORTH CAROLINA GENERAL ASSEMBLY
1961 SESSION

CHAPTER 198
HOUSE BILL 229

1 AN ACT TO REWRITE G.S. 55-22(a) RELATING TO LOANS AND GUARANTIES BY A
2 CORPORATION.

3
4 The General Assembly of North Carolina do enact:

5
6 **Section 1.** That G.S. 55-22(a) be and the same is hereby rewritten to read as
7 follows:

8 **"G.S. 55-22. Loans and Guaranties.** (a) Except with the consent of all the shareholders,
9 regardless of their adverse interests or voting rights, or with the consent of the holders of a
10 majority of all the shares outstanding, regardless of limitation on voting rights, other than the
11 shares held by the adversely interested party, a corporation shall not, directly or indirectly,
12 make any loan of money or property to, or guarantee or otherwise secure the obligation of:

13 "(1) Any directors or officers of the corporation; or

14 "(2) Any corporation of which the officers and directors of the lending or
15 securing corporation own more than fifty per cent (50%) of the outstanding
16 securities of any class; or

17 "(3) Any dominant shareholder or any other corporation of which said
18 shareholder is a dominant shareholder, unless that corporation is a subsidiary
19 of the lending or securing corporation; or

20 "(4) Any person upon the security of the shares of any corporation mentioned in
21 subdivisions (2) and (3) of this subsection. A sale on credit in the ordinary
22 course of business is not a loan within the meaning of this Section."

23 **Sec. 2.** All laws and clauses of laws in conflict with the provisions of this Act are
24 hereby repealed.

25 **Sec. 3.** This Act shall be in full force and effect from and after its ratification.

26 In the General Assembly read three times and ratified, this the 11th day of April,
27 1961.